



# **ARIZONA DEPARTMENT OF REVENUE**

## **MEMORANDUM**

**DATE:** May 24, 2005

**FROM:** THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

### ***MARCH 2005 TAX FACTS***

#### **SUMMARY OF GENERAL FUND REVENUES**

	<u>March 2005</u>	<u>Fiscal Year Total</u>
<b>Individual Income Tax</b>		
Net Collections	\$ 77,540,551	\$ 1,650,806,774
Percent Change	31.2%	21.6%
<b>Corporate Income Tax</b>		
Net Collections	\$ 63,828,617	\$ 435,303,289
Percent Change	NA	70.4%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>		
Net Collections	\$ 291,854,753	\$ 2,679,184,303
Change	10.4%	10.2%
<b>Total Big Three Tax Types</b>		
Net Collections	\$ 433,223,921	\$ 4,765,294,366
Percent Change	23.5%	17.1%

January 2004 was the first month that the department used a new computer system to process transaction privilege tax and withholding. Some of the reports necessary to provide Tax Facts information are still under development. Those sections have been pulled from this report. Once the information is available, it will be sent out.

# TAX FACTS MARCH 2005

## INDIVIDUAL INCOME TAX

### Individual Income Tax Receipts

	March 2005	March 2004	% Change
Gross Collections	\$39,089,384	\$36,041,044	8.5%
Withholding	\$245,076,317	\$220,645,285	11.1%
Refunds	(\$175,355,770)	(\$167,172,735)	5.0%
Urban Revenue Sharing	(\$31,089,382)	(\$30,422,097)	2.2%
<b>Net Collections</b>	<b>\$77,540,551</b>	<b>\$59,091,497</b>	<b>31.2%</b>

  

	Fiscal Year Total (04/05)	Fiscal Year 2003/04	% Change
%Gross Collections	\$402,123,502	\$308,241,848	30.5%
Withholding	\$1,953,659,092	\$1,755,348,692	11.3%
Refunds	(\$425,171,387)	(\$432,499,193)	(1.7%)
Urban Revenue Sharing	(\$279,804,434)	(\$273,798,869)	2.2%
<b>Net Collections</b>	<b>\$1,650,806,773</b>	<b>\$1,357,292,478</b>	<b>21.6%</b>

\* FYTD 03/04 refunds and net collections do not include Ladewig attorney fees.

In March 2005, the department did not issue any individual or corporate income tax refunds for alternative fuel related credits.

### Ladewig Refunds

In March 2005, the department issued 303 warrants totaling \$ 391,695 for Ladewig, a Superior Court tax settlement case. For the fiscal year, 444,544 refunds have been issued for a total of \$ 127,807,619. Attorney payments are not included in the refund amount and total \$ 6,188,795 for the fiscal year. Refunds issued as a result of the Ladewig case are not included in the total refunds listed in the "Individual Income Tax Receipts" section above or the "Average Individual Income Tax Refund" section later mentioned in this publication.

### Individual Income Tax Document Count

In calendar year 2004, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	46,264	1,575,957	88,795	102,431	3	44,198	297,353	13,315	197,269	2,625	13	2,368,223
%	1.9	66.5	3.7	4.3	0.0	1.9	12.6	0.6	8.3	0.1	0.0	

In calendar year 2005 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	8,716	701,939	19,831	41,211	0	5,874	169,281	8,389	83,241	1,777	4	1,040,263
%	0.8	67.5	1.9	4.0	0.0	0.6	16.3	0.8	8.0	0.2	0.0	

The 1,040,263 returns, representing current and prior tax years, filed through March 2005 compares to 962,450 returns filed during the same period of time in 2004 for an annual increase of 8.1%. For tax year 2004 filed in 2005, 1,007,871 returns have been filed, a 7.0% increase over filings through March 2004 for tax year 2003.

### **Year-Over-Year Comparison of Resident Taxpayers**

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 663,763 returns in calendar year 2005 for tax year 2004 from filers who also have returns on record from calendar year 2004 with the same marital status. On average, these filers experienced a 4.8% increase in FAGI and a 5.4% increase in tax liability. More specifically, 32.9% of these filers experienced a decrease in tax liability; on average a decrease of 15.3% in FAGI with a corresponding average decrease in tax liability of 30.0%. Filers with an increase in tax liability totaled 340,332 or 51.3% with an average FAGI increase of 19.7% and an average tax liability increase of 34.4%.

### **Average Individual Income Tax Refund**

Net of Ladewig refunds.

	Average	Number
2005 CYTD	\$449.77	747,314
2004 CYTD	\$463.98	731,183
% Change	(3.0)	2.2

### **"New" Filers in Calendar Year 2004**

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2004. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 117,195 "new" returns have been filed thus far in 2005, representing approximately 139,376 persons, not including dependents. The average Federal Adjusted gross income for these 117,195 returns is \$16,851 with an average tax liability of \$205. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 15.5% had a married filing joint filing status, 6.4% claimed a 65 and Over Exemption and 44.4% claimed dependents.

### **Individual Income Tax Estimated Payments**

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2003 was \$297.2 million, for an average of \$1,670. An additional \$74.8 million in estimated payments came from 2002 tax returns that applied their refunds as a 2003 estimated payment, for an average of \$1,752. Estimated payments received through March 2005 for tax year 2004 are as follows:

03/05	140ES payment	\$1,792,264	Cumulative	\$388,812,297
03/04	140ES payment	\$2,737,475	Cumulative	\$290,910,454
	% change	(34.5%)		33.7%
03/05	Average payment	\$2,479	Cumulative	\$2,059
03/04	Average payment	\$3,448	Cumulative	\$1,640
	% change	(28.1%)		25.5%
03/05	Applied refund	\$300,849	Cumulative	\$74,004,575
03/04	Applied refund	\$234,351	Cumulative	\$73,195,700
	% change	28.4%		1.1%
Total 03/05		\$2,093,113	Cumulative	\$462,816,873
Total 03/04		\$2,971,826	Cumulative	\$354,106,154
	% change	(29.6%)		27.1%

### **Withholding**

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2004, \$559,506,453 was received for the first quarter of 2003. The latest complete quarter (15 months of information has been compiled) is the first quarter of 2004, which shows an increase of 5.9% in withholding payments over the first quarter of 2003. Growth in quarters for which information is still being gathered is as follows:

2 <sup>nd</sup> Quarter 2004	2.1%	4 <sup>th</sup> Quarter 2004	7.2%
3 <sup>rd</sup> Quarter 2004	6.7%	1 <sup>st</sup> Quarter 2005	9.6%

As of January 1, 2005, the current choices for withholding are 0%, 19%, 23%, 25%, 31%, or 37% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

### **Property Tax Credits**

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2005	8,368	\$3,004,979	\$359.10
Calendar Year 2004	7,080	\$2,566,951	\$362.56
% Change	18.2	17.1	(1.0)

### **Clean Elections**

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2004:

	March 2005	Calendar Year Total
Check Off	\$ 813,675	\$ 1,736,196
Voluntary Donation	\$ 7,741	\$ 15,430
Number of Returns	111,418	247,923

### **Contributions on the Individual Income Tax Return**

Through March 2005, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	3,786	\$62,645	\$16.55
Child Abuse	4,589	\$80,490	\$17.54
Special Olympics	2,047	\$35,453	\$17.32
Neighbors Helping	1,111	\$13,843	\$12.46
AID to Education	232	\$15,157	\$65.33
Domestic Violence Shelter	3,192	\$55,191	\$17.29
Democratic Party	363	\$8,285	\$22.82
Republican Party	288	\$5,915	\$20.54
Libertarian Party	24	\$323	\$13.56

## CORPORATE INCOME TAX

### Corporate Income Tax Receipts

	Mar 2005	Mar 2004	% Change
Gross Collections	\$67,086,220	\$42,492,506	57.9
Refunds	(\$3,257,603)	(\$15,059,660)	(78.4)
<b>Net Collections</b>	<b>\$63,828,617</b>	<b>(\$27,432,846)</b>	<b>N/A</b>

  

	Fiscal Year Total	Prior Fiscal Year Total	% Change
Gross Collections	\$497,256,909	\$363,527,781	36.8
Refunds	(\$61,953,620)	(\$108,071,410)	(42.7)
<b>Net Collections</b>	<b>\$435,303,289</b>	<b>\$255,456,371</b>	<b>70.4</b>

### Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

Mar 2005	\$45,610,412	Calendar Year Total	\$78,546,674
Mar 2004	\$35,746,501	Calendar Year Total	\$58,005,511
% Change	27.6%	% Change	35.4%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for March 2005 and for the calendar year.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
Mar 2005	284	31	38	8	1	0	362	18.3
Mar 2004	251	17	28	8	2	0	306	
CY 2005	517	59	62	13	8	0	659	14.2
CY 2004	480	41	51	13	8	0	577	

### Corporate Refunds

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 03/04 by corporate fiscal year. For example, in FY 03/04, 9.2% of the refund dollars paid were for corporate fiscal years ending in 1999 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 03/04	9.2%	2.7%	3.0%	74.5%	10.4%	0.2%

  

Corporate Fiscal Year-End:	00 & Prior	01	02	03	04	05
FY 04/05	12.7%	5.1%	1.7%	58.9%	21.5%	0.2%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table presents refunds applied as estimated payments in the most recent month and for the calendar year

Mar 2005	\$2,374,919	Calendar Year Total	\$13,756,136
Mar 2004	\$9,551,523	Calendar Year Total	\$28,658,775
	(75.1%)	% Change	(52.0%)

### **Corporate Income Tax Document Count**

The Arizona Department of Revenue received 108,944 corporate returns showing a fiscal year-end of 2003. The type of return received is indicated below:

	<b>120 X (amended)</b>	<b>120 (regular)</b>	<b>120S (S corp)</b>	<b>99T (exempt org.)</b>	<b>120 A (short form)</b>
#	310	34,904	61,775	391	11,564
%	0.3	32.0	56.7	0.4	10.6

Through March 2005, 16,934 documents were received for a fiscal year-end of 2004, distributed as follows:

	<b>120 X (amended)</b>	<b>120 (regular)</b>	<b>120S (S corp)</b>	<b>99T (exempt org.)</b>	<b>120 A (short form)</b>
#	41	9,660	3,972	106	3,155
%	0.2	57.0	23.5	0.6	18.6

The figures for the 2004 returns are most meaningful when compared to 2003 returns received during the same period of time in the previous year. Through March 2004, the Department of Revenue received 18,917 documents with a fiscal year-end of 2003. Compared to 2004 documents, the Department has seen a 10.5% **decrease** in the number of corporate returns received at this point of time in the calendar year.

### **Urban Revenue Sharing Returned to Cities/Towns**

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2004/05 is 15.0% of net proceeds from Fiscal Year 2002/03 income tax. Amounts returned for March 2005 are shown on Table 2, at the end of this report.

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## **TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES**

### **Transaction Privilege, Severance and Use Tax Receipts**

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, transaction privilege and severance tax collections are aggregated by category and total distribution base and non-shared portions are calculated. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with Proposition 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	<b>March 2005</b>	<b>March 2004</b>	<b>% change</b>
Distribution Base	\$123,627,722	\$111,338,527	11.0%
Non shared	\$230,523,985	\$208,295,632	10.7%
Other Revenues	\$51,410,843	\$47,444,134	8.4%
Education Tax	\$42,995,760	\$39,267,656	9.5%
Use Tax	\$18,691,567	\$17,707,908	5.6%
<b>Total Collections</b>	<b>\$467,249,877</b>	<b>\$424,053,856</b>	<b>10.2%</b>

	Fiscal Year Total (04/05)	Fiscal Year Total (03/04)	% change
Distribution Base	\$1,098,575,821	\$1,001,292,995	9.7%
Non shared	\$2,106,745,020	\$1,914,787,446	10.0%
Other Revenues	\$458,340,541	\$421,076,500	8.8%
Education Tax	\$396,144,889	\$361,125,952	9.7%
Use Tax	\$193,540,483	\$170,510,110	13.5%
<b>Total Collections</b>	<b>\$4,253,346,753</b>	<b>\$3,868,793,003</b>	<b>9.9%</b>

### **Distribution of Transaction Privilege, Severance and Use Tax Receipts**

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained by State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with Proposition 301. "Other" revenues are returned to the administering authority.

	March 2005	March 2004	% change
Retained by State	\$291,854,753	\$264,404,198	10.4%
Returned to Counties	\$50,081,590	\$45,103,237	11.0%
Returned to Cities	\$30,906,930	\$27,834,632	11.0%
Education Tax	\$42,995,760	\$39,267,656	9.5%
Other Revenues	\$51,410,843	\$47,444,134	8.4%
<b>Total Collections</b>	<b>\$467,249,877</b>	<b>\$424,053,856</b>	<b>10.2%</b>

	Fiscal Year Total (04/05)	Fiscal Year Total (03/04)	% change
Retained by State	\$2,679,184,303	\$2,430,643,510	10.2%
Returned to Counties	\$445,033,065	\$405,623,792	9.7%
Returned to Cities	\$274,643,955	\$250,323,249	9.7%
Education Tax	\$396,144,889	\$361,125,952	9.7%
Other Revenues	\$458,340,541	\$421,076,500	8.8%
<b>Total Collections</b>	<b>\$4,253,346,753</b>	<b>\$3,868,793,003</b>	<b>9.9%</b>

### **Transaction Privilege and Severance Tax Collections By Class**

	Tax Rate	March 2005	% Chg	Fiscal Year Total	% Chg
Transporting	5.6%	\$207,505	17.8%	\$2,011,446	(27.3%)
Non-Metal Mining Oil/Gas	3.125%	1,067,218	37.2%	7,313,812	12.6%
Utilities	5.6%	24,274,299	0.0%	268,213,258	6.3%
Communications	5.6%	10,803,426	(11.3%)	108,096,943	2.2%
Private Car/Pipelines	5.6%	30,815	(68.0%)	510,512	(15.0%)
Publishing	5.6%	537,363	14.8%	4,955,388	4.9%
Job Printing	5.6%	1,661,722	19.9%	13,539,197	2.4%
Restaurants & Bars	5.6%	36,249,715	11.6%	285,896,200	9.6%
Amusements	5.6%	4,209,790	17.0%	30,398,761	5.5%
Commercial Lease	0%	79	N/A	30,960	N/A
Rental of Personal Property	5.6%	13,660,631	5.1%	119,699,211	2.3%
Contracting	3.75% - 5.6%	61,515,599	21.1%	576,097,198	19.1%
Feed Wholesale	Repealed	0	N/A	0	N/A
Retail	5.6%	184,698,961	10.3%	1,697,094,919	8.6%
Mining Severance	2.5%	1,506,089	92.4%	11,401,674	207.3%
Timber Severance	\$2.13/\$1.51 per 1000 board ft	605	(15.5%)	6,120	21.0%
Hotel/Motel	5.5%	12,894,008	12.9%	75,421,512	9.6%
Membership Camping	5.6%	10,371	(6.6%)	113,791	12.6%
Use Tax	5.6%	18,760,344	5.5%	194,199,700	13.6%
Rental Occupancy Tax	3.0%	23,323	79.5%	39,962	(61.1%)

	<b>Tax Rate</b>	<b>March 2005</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Jet Fuel	\$.0305/\$.0105 gal	711,610	(3.6%)	3,751,341	1.9%
Telecommunications Devices	1.1				
Telecomm	----	310,198	(27.8%)	3,175,084	(18.6%)
School for the Deaf and Blind		104,920	(26.7%)	991,616	2.8%
Poison Control	----	82,111	(26.7%)	919,456	(18.4%)
Teratogen Funding		4,562	N/A	41,114	N/A
911 Wireline	\$0.37/month per active service	1,517,429	27.0%	10,803,110	4.6%
911 Wireless	\$0.37/month per active service	-95	N/A	8,633,558	(2.7%)
<b>Total</b>		<b>\$374,842,597</b>	<b>10.2%</b>	<b>\$3,423,355,845</b>	<b>10.0%</b>

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the department.

### **Transaction Privilege and Severance Tax Taxable Sales By Class<sup>1</sup>**

	<b>March 2005</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Transporting	\$4,156,046	18.0%	\$40,308,371	(27.2%)
Non-Metal Mining Oil/Gas	34,183,422	37.3%	234,163,221	12.7%
Utilities	486,130,286	0.1%	5,366,939,124	6.3%
Communications	216,406,554	(11.1%)	2,163,163,573	2.3%
Private Car/Pipelines	616,455	(68.0%)	10,214,437	(15.0%)
Publishing	10,764,054	15.0%	99,193,617	5.0%
Job Printing	33,276,218	20.1%	270,938,630	2.4%
Restaurants & Bars	725,863,548	11.7%	5,721,133,387	9.6%
Amusements	84,286,336	17.2%	608,337,199	5.6%
Commercial Lease	2,847	N/A	907,928	N/A
Rental of Personal Property	273,607,643	5.3%	2,395,432,815	2.4%
Contracting	1,236,785,782	21.8%	11,587,111,441	19.7%
Feed Wholesale	0	N/A	0	N/A
Retail	3,702,338,795	10.6%	33,965,611,921	8.7%
Mining Severance	60,271,636	92.5%	456,189,248	207.3%
Timber Severance	301	(10.5%)	3,332	(12.3%)
Hotel/Motel	234,662,957	13.0%	1,372,146,982	9.7%
Membership Camping	207,827	(6.5%)	2,277,761	16.6%
Use Tax	374,929,010	5.9%	3,886,024,102	14.1%
Rental Occupancy Tax	777,991	79.7%	1,334,411	(61.1%)
<b>Total</b>	<b>\$7,479,267,709</b>	<b>11.0%</b>	<b>\$68,181,431,500</b>	<b>10.6%</b>

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

### **Accounting Credit**

A credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. Due to our new processing system, the report needed to provide this data is not available.

<sup>1</sup>These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.



### **Taxable Sales by SIC Code Range**

The taxable sales by SIC (Standard Industrial Classification) code range is undergoing a conversion to NAICS codes. The information since January 2004 is not yet available. Once it is available, it will be sent under separate cover.

### **Transaction Privilege and Severance Tax Returned to Counties**

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for March 2005 is shown in the County Share column.

	County Share	% of Total	FYTD County Share	% Change
Apache	\$372,462	0.7%	\$3,328,387	8.3%
Coconino	1,128,814	2.3%	11,165,470	4.7%
Cochise	887,932	1.8%	7,945,276	5.8%
Gila	378,233	0.8%	3,393,740	5.8%
Graham	223,368	0.4%	2,001,919	8.5%
Greenlee	193,162	0.4%	1,844,663	33.9%
La Paz	175,019	0.3%	1,339,944	9.0%
Maricopa	32,148,394	64.2%	286,101,198	9.8%
Mohave	1,402,267	2.8%	12,599,186	13.3%
Navajo	736,549	1.5%	6,968,809	8.7%
Pima	7,513,652	15.0%	66,067,883	8.7%
Pinal	1,469,682	2.9%	12,188,064	12.1%
Santa Cruz	326,557	0.7%	2,885,946	7.6%
Yavapai	1,715,409	3.4%	15,455,077	12.6%
Yuma	1,410,092	2.8%	11,747,503	12.0%
<b>Total</b>	<b>\$50,081,590</b>		<b>\$445,033,065</b>	<b>9.7%</b>

### **Transaction Privilege and Severance Tax Returned to Cities/Towns**

The portion of transaction privilege and severance tax returned to each incorporated city or town for March 2005 is shown on Table 3, attached to this report.

### **County Tax Collections**

The following county-imposed tax collections were received by the Department of Revenue during March 2005 and returned to the counties. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge in Pima County is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health SVCS Dist	Capitol Projects	Tourism Authority
Apache		86,538							
Cochise		516,852							
Coconino		695,570	417,897					173,049	
Gila	233,584	226,338							
Graham		98,611							
Greenlee		62,826							
La Paz		107,145	107,144				49		
Maricopa	25,349,055		9,419,843	539,005	634				2,306,856
Mohave		522,997							
Navajo		424,326							
Pima				145,642		24,690			
Pinal	1,127,084	1,125,254							
Santa Cruz		213,609							
Yavapai		1,098,676	548,979						
Yuma		1,000,169	1,000,104					995,384	

## OTHER TAXES

### Luxury Taxes

The following revenues were received from luxury taxes in March 2005. The table compares the receipts to March 2004 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	March 2005	March 2004	% Change
Spirituos	\$2,948,505	\$1,911,448	54.3%
Vinous	\$1,583,967	\$1,076,773	47.1%
Malt	\$1,910,302	\$1,925,908	(0.8%)
Cigarette	\$21,006,154	\$22,336,923	(6.0)
Other Tobacco	\$859,515	\$597,905	43.8%
Tobacco Licenses	\$150	\$325	(53.8)
<b>Total</b>	<b>\$28,308,592</b>	<b>\$27,849,282</b>	<b>1.6%</b>

  

	Fiscal Year (04/05)	Fiscal Year (03/04)	% Change
Spirituos	\$18,412,708	\$17,351,385	6.1%
Vinous	\$8,680,369	\$7,868,459	10.3%
Malt	\$16,638,530	\$16,086,475	3.4%
Cigarette*	\$202,354,819	\$196,590,483	2.9%
Other Tobacco	\$6,557,110	\$5,787,425	13.3%
Tobacco Licenses	\$2,625	\$3,225	(18.6)
<b>Total</b>	<b>\$252,646,161</b>	<b>\$243,687,452</b>	<b>3.7%</b>

\*Through March 2005, \$448,500 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

### General Fund revenues from luxury taxes:

	March 2005	Fiscal Year (04/05)
Spirituos	\$2,063,954	\$12,888,896
Vinous	\$395,089	\$2,163,659
Malt	\$477,575	\$4,159,632
Cigarette	\$2,955,212	\$27,069,020
Other Tobacco	\$133,225	\$1,021,043
Tobacco Licenses	\$150	\$2,625
<b>Total</b>	<b>\$6,025,205</b>	<b>\$47,304,874</b>

### Other dedicated revenues from luxury taxes:

	March 2005	Fiscal Year (04/05)
Correction Fund revenues	\$2,837,656	\$20,733,794
Tobacco Tax & Health Care Fund <sup>2</sup>	\$7,396,790	\$70,792,677
Tobacco Products Tax Fund <sup>3</sup>	\$10,686,815	\$105,433,522
Wine Promotional Fund revenues	\$3,611	\$25,730
Drug Treatment & Education Fund revenues	\$834,714	\$5,841,660
Corrections Revolving Fund revenues	\$332,801	\$2,322,903

<sup>2</sup> Formerly the Health Care Fund

<sup>3</sup> This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

### **Estate Tax**

March 2005	\$2,171,723	Fiscal Year to Date	\$26,983,105
March 2004	\$1,414,827	Fiscal Year To Date	\$29,359,653
% Change	53.5	% Change	(8.1)

### **Bingo**

March 2005	\$40,057	Fiscal Year to Date	\$447,736
March 2004	\$41,529	Fiscal Year to Date	\$456,488
% Change	(3.5)	% Change	(1.9)

### **Unclaimed Property**

March 2005	(\$1,102,968)	Fiscal Year to Date	\$54,882,751
March 2004	\$81,680	Fiscal Year to Date	\$31,619,985
% Change	N/A	% Change	73.6

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS,  
ARIZONA DEPARTMENT OF REVENUE

**TABLE 1**  
**“New” Returns Filed in 2005 for Tax Year 2004**  
**Through March 2005**

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	662	0.6%	-\$11,370	\$5	17.6%	73.7%	7.6%	1.0%	18.5%	13.6%
<b>\$0-\$5,000</b>	<b>25,181</b>	<b>21.5%</b>	<b>\$2,901</b>	<b>\$0</b>	<b>4.6%</b>	<b>78.0%</b>	<b>17.0%</b>	<b>0.5%</b>	<b>4.0%</b>	<b>25.5%</b>
\$5,000-\$10,000	29,559	25.2%	\$7,383	\$21	7.0%	67.8%	24.6%	0.7%	5.3%	35.3%
<b>\$10,000-\$15,000</b>	<b>18,282</b>	<b>15.6%</b>	<b>\$12,335</b>	<b>\$62</b>	<b>14.6%</b>	<b>43.3%</b>	<b>41.3%</b>	<b>0.8%</b>	<b>7.5%</b>	<b>55.4%</b>
\$15,000-\$20,000	13,288	11.3%	\$17,396	\$119	23.1%	32.1%	43.8%	1.0%	8.2%	61.0%
<b>\$20,000-\$25,000</b>	<b>8,495</b>	<b>7.2%</b>	<b>\$22,368</b>	<b>\$216</b>	<b>28.9%</b>	<b>30.5%</b>	<b>39.1%</b>	<b>1.4%</b>	<b>6.7%</b>	<b>62.5%</b>
\$25,000-\$30,000	5,190	4.4%	\$27,358	\$341	30.3%	35.1%	32.8%	1.8%	6.8%	56.0%
<b>\$30,000-\$40,000</b>	<b>6,327</b>	<b>5.4%</b>	<b>\$34,427</b>	<b>\$503</b>	<b>35.5%</b>	<b>34.4%</b>	<b>27.9%</b>	<b>2.2%</b>	<b>7.2%</b>	<b>52.7%</b>
\$40,000-\$50,000	3,487	3.0%	\$44,500	\$744	43.7%	31.9%	22.3%	2.1%	8.1%	52.5%
<b>\$50,000-\$75,000</b>	<b>4,245</b>	<b>3.6%</b>	<b>\$60,420</b>	<b>\$1,110</b>	<b>61.5%</b>	<b>23.7%</b>	<b>13.3%</b>	<b>1.5%</b>	<b>9.1%</b>	<b>51.7%</b>
\$75,000-\$100,000	1,498	1.3%	\$85,499	\$1,761	75.5%	15.5%	7.8%	1.2%	11.4%	51.1%
<b>\$100,000-\$200,000</b>	<b>871</b>	<b>0.7%</b>	<b>\$125,353</b>	<b>\$3,123</b>	<b>79.7%</b>	<b>14.6%</b>	<b>5.0%</b>	<b>0.7%</b>	<b>10.9%</b>	<b>50.7%</b>
\$200,000-\$500,000	100	0.1%	\$283,050	\$9,432	77.0%	18.0%	3.0%	2.0%	17.0%	50.0%
<b>\$500,000-\$1,000,000</b>	<b>9</b>	<b>0.0%</b>	<b>\$672,974</b>	<b>\$21,723</b>	<b>44.4%</b>	<b>33.3%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>33.3%</b>	<b>22.2%</b>
\$1,000,000 and over	1	0.0%	\$1,299,511	\$59,844	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>117,195</b>		<b>\$16,851</b>	<b>\$205</b>	<b>15.5%</b>	<b>44.3%</b>	<b>24.0%</b>	<b>0.8%</b>	<b>6.4%</b>	<b>44.4%</b>

\*An asterisked line indicates that the information cannot be released due to confidentiality laws.

**NEW RETURNS FILED IN 2004 FOR TAX YEAR 2003**

<b>Total</b>	<b>239,280</b>	<b>\$20,074</b>	<b>\$334</b>	<b>16.5%</b>	<b>49.4%</b>	<b>15.8%</b>	<b>1.7%</b>	<b>7.5%</b>	<b>32.9%</b>
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“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

**TABLE 2**  
**Urban Revenue Sharing Returned to Cities/Towns**  
**March 2005**

City	Distribution	Population	City	Distribution	Population
<b><u>Apache County</u></b>			Surprise	\$236,131	30,848
Eagar	\$30,871	4,033	Tempe	\$1,214,219	158,625
St. Johns	\$27,159	3,548	Tolleson	\$38,074	4,974
Springerville	\$15,095	1,972	Wickenburg	\$38,901	5,082
<b><u>Cochise County</u></b>			Youngtown	\$23,041	3,010
Benson	\$36,061	4,711	<b><u>Mohave County</u></b>		
Bisbee	\$46,617	6,090	Bullhead City	\$258,490	33,769
Douglas	\$126,478	16,523	Colorado City	\$25,521	3,334
Huachuca City	\$13,403	1,751	Kingman	\$153,621	20,069
Sierra Vista	\$289,154	37,775	Lake Havasu City	\$321,021	41,938
Tombstone	\$11,513	1,504	<b><u>Navajo County</u></b>		
Willcox	\$28,575	3,733	Holbrook	\$37,638	4,917
<b><u>Coconino County</u></b>			Pinetop-Lakeside	\$27,419	3,582
Flagstaff	\$404,885	52,894	Show Low	\$58,903	7,695
Fredonia	\$7,930	1,036	Snowflake	\$34,140	4,460
Page	\$52,121	6,809	Taylor	\$24,311	3,176
Williams	\$21,755	2,842	Winslow	\$72,872	9,520
<b><u>Gila County</u></b>			<b><u>Pima County</u></b>		
Globe	\$57,303	7,486	Marana	\$103,766	13,556
Hayden	\$6,828	892	Oro Valley	\$244,444	31,934
Miami	\$14,819	1,936	Sahuarita	\$24,816	3,242
Payson	\$104,256	13,620	South Tucson	\$42,024	5,490
Winkelman	\$3,391	443	Tucson	\$3,725,511	486,699
<b><u>Graham County</u></b>			<b><u>Pinal County</u></b>		
Pima	\$15,225	1,989	Apache Junction	\$243,525	31,814
Safford	\$70,668	9,232	Casa Grande	\$193,081	25,224
Thatcher	\$30,787	4,022	Coolidge	\$59,599	7,786
<b><u>Greenlee County</u></b>			Eloy	\$79,417	10,375
Clifton	\$19,871	2,596	Florence	\$146,793	17,208
Duncan	\$6,216	812	Kearny	\$17,215	2,249
<b><u>La Paz County</u></b>			Mammoth	\$13,488	1,762
Parker	\$24,036	3,140	Maricopa	\$38,258	4,998
Quartzsite	\$25,674	3,354	Superior	\$24,908	3,254
<b><u>Maricopa County</u></b>			<b><u>Santa Cruz County</u></b>		
Avondale	\$274,672	35,883	Nogales	\$159,814	20,878
Buckeye	\$65,042	8,497	Patagonia	\$6,744	881
Carefree	\$22,405	2,927	<b><u>Yavapai County</u></b>		
Cave Creek	\$28,537	3,728	Camp Verde	\$72,344	9,451
Chandler	\$1,354,406	176,939	Chino Valley	\$62,516	8,167
El Mirage	\$58,244	7,609	Clarkdale	\$26,194	3,422
Fountain Hills	\$154,892	20,235	Cottonwood	\$70,262	9,179
Gila Bend	\$15,156	1,980	Jerome	\$2,518	329
Gilbert	\$839,692	109,697	Prescott	\$259,784	33,938
Glendale	\$1,674,930	218,812	Prescott Valley	\$180,152	23,535
Goodyear	\$144,757	18,911	Sedona	\$78,016	10,192
Guadalupe	\$40,019	5,228	<b><u>Yuma County</u></b>		
Litchfield Park	\$29,164	3,810	San Luis	\$117,285	15,322
Mesa	\$3,044,837	397,776	Somerton	\$55,619	7,266
Paradise Valley	\$104,593	13,664	Wellton	\$14,000	1,829
Peoria	\$829,489	108,364	Yuma	\$594,652	77,685
Phoenix	\$10,112,139	1,321,045	<b>TOTAL</b>	<b>\$31,089,382</b>	<b>4,059,533</b>
Queen Creek	\$33,037	4,316			
Scottsdale	\$1,551,636	202,705			

**TABLE 3**  
**Transaction Privilege and Severance Tax Returned to Cities/Towns**  
**March 2005**

City	Distribution	Population	City	Distribution	Population
<b><u>Apache County</u></b>			Scottsdale	\$1,541,976	202,705
Eagar	\$30,679	4,033	Surprise	\$234,661	30,848
Springerville	\$15,001	1,972	Tempe	\$1,206,660	158,625
St. Johns	\$26,990	3,548	Tolleson	\$37,837	4,974
<b><u>Cochise County</u></b>			Wickenburg	\$38,659	5,082
Benson	\$35,837	4,711	Youngtown	\$22,897	3,010
Bisbee	\$46,327	6,090	<b><u>Mohave County</u></b>		
Douglas	\$125,690	16,523	Bullhead City	\$256,881	33,769
Huachuca City	\$13,320	1,751	Colorado City	\$25,362	3,334
Sierra Vista	\$287,354	37,775	Kingman	\$152,665	20,069
Tombstone	\$11,441	1,504	Lake Havasu City	\$319,022	41,938
Willcox	\$28,397	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	\$37,404	4,917
Flagstaff	\$402,364	52,894	Pinetop/Lakeside	\$27,248	3,582
Fredonia	\$7,881	1,036	Show Low	\$58,536	7,695
Page	\$51,796	6,809	Snowflake	\$33,927	4,460
Williams	\$21,619	2,842	Taylor	\$24,160	3,176
<b><u>Gila County</u></b>			Winslow	\$72,419	9,520
Globe	\$56,946	7,486	<b><u>Pima County</u></b>		
Hayden	\$6,785	892	Marana	\$103,120	13,556
Miami	\$14,727	1,936	Oro Valley	\$242,922	31,934
Payson	\$103,607	13,620	Sahuarita	\$24,662	3,242
Winkelman	\$3,370	443	South Tucson	\$41,762	5,490
<b><u>Graham County</u></b>			Tucson	\$3,702,318	486,699
Pima	\$15,130	1,989	<b><u>Pinai County</u></b>		
Safford	\$70,228	9,232	Apache Junction	\$242,009	31,814
Thatcher	\$30,595	4,022	Casa Grande	\$191,879	25,224
<b><u>Greenlee County</u></b>			Coolidge	\$59,228	7,786
Clifton	\$19,748	2,596	Eloy	\$78,923	10,375
Duncan	\$6,177	812	Florence	\$130,901	17,208
<b><u>La Paz County</u></b>			Kearny	\$17,108	2,249
Parker	\$23,886	3,140	Mammoth	\$13,404	1,762
Quartzsite	\$25,514	3,354	Maricopa	\$38,020	4,998
<b><u>Maricopa County</u></b>			Superior	\$24,753	3,254
Avondale	\$272,962	35,883	<b><u>Santa Cruz County</u></b>		
Buckeye	\$64,637	8,497	Nogales	\$158,819	20,878
Carefree	\$22,266	2,927	Patagonia	\$6,702	881
Cave Creek	\$28,359	3,728	<b><u>Yavapai County</u></b>		
Chandler	\$1,345,974	176,939	Camp Verde	\$71,894	9,451
El Mirage	\$57,882	7,609	Chino Valley	\$62,126	8,167
Fountain Hills	\$153,928	20,235	Clarkdale	\$26,031	3,422
Gila Bend	\$15,062	1,980	Cottonwood	\$69,825	9,179
Gilbert	\$834,465	109,697	Dewey-Humboldt	\$26,077	3,428
Glendale	\$1,664,502	218,812	Jerome	\$2,503	329
Goodyear	\$143,856	18,911	Prescott	\$258,166	33,938
Guadalupe	\$39,769	5,228	Prescott Valley	\$179,031	23,535
Litchfield Park	\$28,983	3,810	Sedona	\$77,531	10,192
Mesa	\$3,025,881	397,776	<b><u>Yuma County</u></b>		
Paradise Valley	\$103,942	13,664	San Luis	\$116,554	15,322
Peoria	\$824,325	108,364	Somerton	\$55,272	7,266
Phoenix	\$10,049,185	1,321,045	Wellton	\$13,913	1,829
Queen Creek	\$32,832	4,316	Yuma	\$590,950	77,85
			<b>TOTAL</b>	<b>\$30,906,930</b>	<b>4,062,961</b>